

ASSEMBLY BILL

No. 1431

Introduced by Assembly Member Frommer

February 21, 2003

An act to amend Section 1759 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1431, as introduced, Frommer. Insurance administrators.

Existing law provides for the regulation and licensure of insurers by the Insurance Commissioner. Existing law defines the term ‘administrator’ to mean a person who collects any charge or premium from, or who adjusts or settles claims on, residents of this state in connection with life or health insurance coverages and annuities.

This bill would revise the definition of “administrator” to include a medical group or independent practice association that makes those collections, adjustments, and settlements.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1759 of the Insurance Code is amended
2 to read:

3 1759. For purposes of this chapter, “administrator” means
4 any person who collects any charge or premium from, or who
5 adjusts or settles claims on, residents of this state in connection
6 with life or health insurance coverage or annuities or coverage
7 described in Section 740 ~~other than~~. *A medical group or*

1 *independent practice association that performs these functions*
2 *shall be considered an administrator for the purposes of this*
3 *chapter. However, the term “administrator” shall not include any*
4 *of the following:*

5 (a) An employer on behalf of its employees or the employees
6 of one or more subsidiary or affiliated corporations of that
7 employer.

8 (b) A union on behalf of its members.

9 (c) An insurance company which is either licensed in this state
10 or acting as an insurer with respect to a policy lawfully issued and
11 delivered by it in and pursuant to the laws of a state in which the
12 insurer was authorized to do an insurance business or prepaid
13 hospital or health care service plan (including their sales
14 representatives licensed in this state when engaged in the
15 performance of their duties).

16 (d) A life or health agent or broker licensed in this state, whose
17 activities are limited exclusively to the sale of insurance.

18 (e) A creditor on behalf of its debtors with respect to insurance
19 covering a debt between the creditor and its debtors.

20 (f) A trust, its trustees, agents, and employees acting
21 thereunder, established in conformity with 29 U.S.C. Sec. 186.

22 (g) A trust exempt from taxation under Section 501(a) of the
23 Internal Revenue Code, its trustees, and employees acting
24 thereunder, or a custodian, its agents and employees acting
25 pursuant to a custodian account which meets the requirements of
26 Section 401(f) of the Internal Revenue Code.

27 (h) A bank, credit union or other financial institution which is
28 subject to supervision or examination by federal or state regulatory
29 authorities.

30 (i) A company which advances for and collects any premium
31 or charge from its credit card holders who have authorized it to do
32 so, provided the company does not adjust or settle claims.

33 (j) A person who adjusts or settles claims in the normal course
34 of his or her practice or employment as an attorney at law, and who
35 does not collect any charge or premium in connection with life or
36 health insurance coverage or annuities.

37 (k) An adjuster licensed by the Insurance Commissioner when
38 engaged in the performance of his or her duties.

39 (l) A nonprofit agricultural association.



1 (m) Any person or entity subject to regulation under Chapter
2 2.2 (commencing with Section 1340) of Division 2 of the Health
3 and Safety Code.

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